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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

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**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 1/1/07 AND ENDING 12/31/07
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Corporate Finance Securities, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM I.D. NO.

75 Market Street, Suite 305

(No. and Street)

Portland, Maine 04101

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Berry, Dunn, McNeil, & Parker

(Name - if individual, state last, first, middle name)

100 Middle Street Portland, Maine 04101

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

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FINANCIAL**

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

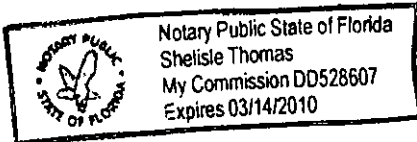
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OATH OR AFFIRMATION

I, Peter B. Ventre, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Corporate Finance Securities, Inc., as of December 31, 20 07, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Shelise Thomas
Notary Public

Peter B. Ventre

Signature

CHIEF FINANCIAL OFFICER

Title

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☐ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
Corporate Finance Securities, Inc.

We have audited the accompanying statements of financial condition of Corporate Finance Securities, Inc. (the "Company") as of December 31, 2007 and 2006, and the related statements of operations, changes in shareholders' equity, changes in subordinated borrowings, and cash flows for the year ended December 31, 2007 and from October 3, 2006 (date of inception) through December 31, 2006, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Corporate Finance Securities, Inc. at December 31, 2007 and 2006, and the results of its operations and its cash flows for the year ended December 31, 2007 and from October 3, 2006 (date of inception) through December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The computation of net capital as of December 31, 2007 and 2006 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. This schedule is the responsibility of the Company's management. Such schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Berry, Dunn, McNeil & Parker

Portland, Maine
February 27, 2008

CORPORATE FINANCE SECURITIES, INC.

Statements of Financial Condition

December 31, 2007 and 2006

ASSETS

	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 18,757	\$ 23,435
Accounts receivable	308	-
Prepaid expenses	1,215	-
Deferred tax asset	<u>5,850</u>	<u>2,250</u>
Total assets	<u>\$ 26,130</u>	<u>\$ 25,685</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities		
Accounts payable	\$ 1,494	\$ -
Accrued interest payable	-	57
Subordinated note payable	<u>6,000</u>	<u>5,000</u>
Total liabilities	<u>7,494</u>	<u>5,057</u>
Commitment (Note 2)		
Shareholders' equity		
Preferred stock, \$5,000 par value; authorized – 1,000 shares, issued and outstanding – 4 shares	20,000	20,000
Common stock, no par value; authorized – 1,000 shares, issued and outstanding - 10,000 shares at December 31, 2007 and 5,000 shares at December 31, 2006	10,000	5,000
Accumulated deficit	<u>(11,364)</u>	<u>(4,372)</u>
Total shareholders' equity	<u>18,636</u>	<u>20,628</u>
Total liabilities and shareholders' equity	<u>\$ 26,130</u>	<u>\$ 25,685</u>

The accompanying notes are an integral part of these financial statements.

CORPORATE FINANCE SECURITIES, INC.

Statements of Operations

**Year Ended December 31, 2007 and from October 3, 2006 (Date of Inception)
through December 31, 2006**

	<u>Year Ended December 31, 2007</u>	<u>October 3, 2006 (Date of Inception) through December 31, 2006</u>
Revenues		
Registered representatives' administration fees	\$ 8,950	\$ -
Expenses reimbursed by registered representatives	<u>8,607</u>	<u>-</u>
Total revenues	<u>17,557</u>	<u>-</u>
Expenses		
Consulting expense	7,770	4,650
FINRA registered representatives fees	7,480	-
Legal fees	5,308	1,125
FINRA firm membership fees	3,330	-
State registration fees	1,350	-
Rent	600	-
Insurance	571	-
Sponsorships	500	-
Corporate registration fees	486	610
Subordinated loan interest expense	308	57
SIPC membership fee	300	-
Postage and delivery	170	-
Miscellaneous expenses	<u>110</u>	<u>180</u>
Total expenses	<u>28,283</u>	<u>6,622</u>
Other income		
Interest income	<u>134</u>	<u>-</u>
Loss before income tax benefit	(10,592)	(6,622)
Income tax benefit	<u>3,600</u>	<u>2,250</u>
Net loss	<u>\$ (6,992)</u>	<u>\$ (4,372)</u>

The accompanying notes are an integral part of these financial statements.

CORPORATE FINANCE SECURITIES, INC.

Statement of Changes in Subordinated Borrowings

**Year Ended December 31, 2007 and from October 3, 2006 (Date of Inception)
through December 31, 2006**

Subordinated borrowings, October 3, 2006	\$ -
Increases:	
Issuance of subordinated notes	<u>5,000</u>
Subordinated borrowings, December 31, 2006	5,000
Increases:	
Issuance of subordinated notes	<u>1,000</u>
Subordinated borrowings, December 31, 2006	\$ <u><u>6,000</u></u>

The accompanying notes are an integral part of these financial statements.

CORPORATE FINANCE SECURITIES, INC.

Statements of Changes in Shareholders' Equity

**Year Ended December 31, 2007 and from October 3, 2006 (Date of Inception)
through December 31, 2006**

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Deficit</u>	<u>Shareholders'</u>
	<u>Issued</u>		<u>Issued</u>			<u>Equity</u>
Balance at October 3, 2006	-	\$ -	-	\$ -	\$ -	\$ -
Preferred stock issued	4	20,000	-	-	-	20,000
Common stock issued	-	-	5,000	5,000	-	5,000
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,372)</u>	<u>(4,372)</u>
Balance at December 31, 2006	4	20,000	5,000	5,000	(4,372)	20,628
Common stock issued	-	-	5,000	5,000	-	5,000
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,992)</u>	<u>(6,992)</u>
Balance at December 31, 2007	<u>4</u>	<u>\$ 20,000</u>	<u>10,000</u>	<u>\$ 10,000</u>	<u>\$ (11,364)</u>	<u>\$ 18,636</u>

The accompanying notes are an integral part of these financial statements.

CORPORATE FINANCE SECURITIES, INC.

Statements of Cash Flows

Year Ended December 31, 2007 and from October 3, 2006 (Date of Inception)
through December 31, 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities		
Net loss	\$ (6,992)	\$ (4,372)
Adjustments to reconcile net loss to net cash used by operating activities		
Increase in		
Accounts receivable	(308)	-
Prepaid expenses	(1,215)	-
Deferred tax asset	(3,600)	(2,250)
Increase (decrease) in		
Accounts payable	1,494	-
Accrued interest payable	<u>(57)</u>	<u>57</u>
Net cash used by operating activities	<u>(10,678)</u>	<u>(6,565)</u>
Cash flows from financing activities		
Proceeds from the issuance of preferred stock	-	20,000
Proceeds from the issuance of common stock	5,000	5,000
Subordinated note payable	<u>1,000</u>	<u>5,000</u>
Net increase in cash flows provided by financing activities	<u>6,000</u>	<u>30,000</u>
Net (decrease) increase in cash and cash equivalents	(4,678)	23,435
Cash and cash equivalents, beginning of period	<u>23,435</u>	<u>-</u>
Cash and cash equivalents, end of period	\$ <u>18,757</u>	\$ <u>23,435</u>

The accompanying notes are an integral part of these financial statements.

CORPORATE FINANCE SECURITIES, INC.

Notes to Financial Statements

December 31, 2007 and 2006

Nature of Operations

Corporate Finance Securities, Inc. is an introducing broker-dealer registered with the Securities and Exchange Commission (SEC) and a member of The Financial Industry Regulatory Authority (FINRA). The Company is a C Corporation which was established on October 3, 2006.

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Recognition of Revenue

Revenue is recorded during the period in which services are performed. Revenue related to administrative fees from registered representatives is recorded when earned according to a predetermined fee schedule and is intended to provide for certain Company administrative costs. Revenue related to expense reimbursements from registered representatives is recorded when invoiced and represents a reimbursement to the Company of expenses incurred on behalf of its registered representatives.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cash Flows

For the purposes of the statement of cash flows, the Company has defined cash and cash equivalents as highly liquid investments, with original maturities of less than 90 days that are not held for sale in the ordinary course of business.

Income Taxes

The Company files separate independent federal and applicable state income tax returns. Federal and state income taxes provisions are calculated and established based on the estimated tax rates.

CORPORATE FINANCE SECURITIES, INC.

Notes to Financial Statements

December 31, 2007 and 2006

Deferred income taxes are provided for the tax effects of differences between the financial and tax bases of assets and liabilities and for operating losses that are available to offset future taxable income.

2. Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule SEC Rule 15c3-1(a)(2)(vi)), which requires the maintenance of \$5,000 in minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15-to-1. At December 31, 2007 and 2006, the Company had net capital of \$11,263 and \$18,378, respectively, which was \$6,263 and \$13,378 in excess of its minimum required net capital of \$5,000 at December 31, 2007 and 2006, respectively. The Company's ratio of aggregate indebtedness to net capital at December 31, 2007 and 2006 was .67 to 1 and .28 to 1, respectively.

The Company is exempt from the reserve requirements of Rule 15c3-3 as its broker/dealer transactions are limited to the purchase, sale, and redemption of redeemable securities of registered investment companies. The Company does not otherwise hold funds or securities for, or owe money or securities to, customers.

3. Related Party Transactions

The Company has a note payable to Alliance Business Brokers and Consultants, LLC of Tulsa, Oklahoma, a shareholder in a separate company in which the Company's shareholders are also invested, in the amount of \$6,000 and \$5,000 at December 31, 2007 and 2006, respectively. The note carries an annual interest rate of 5.25% and is due on August 1, 2008. The note is not collateralized.

The Company subleases its office facilities for \$300 per month from a Company shareholder on a monthly tenancy at will basis. The sublease is cancelable by either party with 30 days written notice. Total rent expense for 2007 and 2006 was \$600 and \$0, respectively, and is included in the accompanying statements of operations.

4. Income Taxes

The federal income tax benefit, included in the accompanying statements of operations, as determined in accordance with Financial Accounting Standards Board Statement No. 109, *Accounting for Income Taxes*, relates to the net operating losses of \$6,992 and \$4,372 incurred during 2007 and 2006, respectively. These losses expire through 2027.

CORPORATE FINANCE SECURITIES, INC.

Computation of Net Capital under SEC Rule 15c3-1

December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Total shareholders' equity	\$ <u>18,636</u>	\$ <u>20,628</u>
Deductions		
Nonallowable assets		
Prepaid expenses and accounts receivable	1,523	-
Other assets	<u>5,850</u>	<u>2,250</u>
Net capital	\$ <u>11,263</u>	\$ <u>18,378</u>
Aggregate indebtedness		
Accounts payable and other liabilities	\$ <u>7,494</u>	\$ <u>5,057</u>
Aggregate indebtedness	\$ <u>7,494</u>	\$ <u>5,057</u>
Computation of basic net capital requirement (greater of minimum net capital required or minimum dollar requirement)	\$ <u>5,000</u>	\$ <u>5,000</u>
Net capital in excess of requirement	\$ <u>6,263</u>	\$ <u>13,378</u>
Ratio of aggregate indebtedness to net capital	<u>.67 to 1</u>	<u>.28 to 1</u>

The computation of net capital above does not materially differ from that reported by the Company in Part II of the FOCUS Report on Form X-17A at December 31, 2007 and 2006.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
REQUIRED BY SEC RULE 17a-5**

To the Board of Directors and Shareholders
Corporate Finance Securities, Inc.

In planning and performing our audits of the financial statements of Corporate Finance Securities, Inc., as of December 31, 2007 and 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

To the Board of Directors and Shareholders
Corporate Finance Securities, Inc.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2007, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors and Shareholders, management, the SEC, The Financial Industry Regulatory Authority, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be, and should not be, used by anyone other than these specified parties.

Berry, Dunn, McNeil & Parker

Portland, Maine
February 27, 2008

END